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Letter dated 12 November 2009 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council

I am pleased to provide my report as the President of the Governing Council of the United Nations Compensation Commission on the results of the Governing Council's sixty-eighth session, which was held at Geneva on 10 and 12 November 2009.

During the opening plenary meeting, representatives of Kuwait and Iraq addressed the Council. Copies of their respective statements are being sent by mail with the original of this letter. The Council also considered a report from the Executive Head on the activities of the Commission since the last session.

During the session, the Council considered a number of reports and information notes prepared by the secretariat. The complete text of all the conclusions adopted by the Governing Council will be sent by mail together with the documents of the session. I would, however, like to highlight a few issues that were discussed during the session. With the final phase under the current payment mechanism as set out in decision 256 (S/AC.26/Dec.256 (2005)) expected to be completed in January 2010, the Governing Council adopted decision 267 (S/AC.26/Dec.267 (2009)) concerning the payment mechanism and payment of remaining claims. This decision provides that, following the payment of the final environmental award, the nine remaining claims, all awarded to Kuwait with an outstanding amount of approximately $24 billion, will receive payments each quarter in rounds of payments of $10 million, in the order in which they have been approved, until all available amounts in the Compensation Fund have been exhausted.

With respect to the level of Iraq's contribution to the Compensation Fund, the Council took note that the first meeting of the Governments of Iraq and Kuwait under the auspices of the Compensation Commission was held in Amman on 19 and 20 May 2009 to discuss the approximately $24 billion in unpaid awards that will remain outstanding after the payment of the category II claims, and that it concluded with both delegations agreeing that it was necessary and useful to continue the consultations and that the next meeting should be held after the submission of the Secretary-General's report to the Security Council pursuant to paragraph 5 of Security Council resolution 1859 (2008). The Council welcomed the efforts of the Executive Head of the secretariat towards convening another meeting with Iraq and Kuwait, expressed its strong encouragement for the consultations to resume as soon

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as possible, and emphasized the importance of substantial progress being made at the next meeting. The Council also indicated its readiness to consider providing experts and technical assistance to both Governments in advance of the consultations to ensure that the meeting will achieve notable progress. The Council also took note of the statement made by the delegation of Iraq at the opening plenary regarding the level of Iraq's contribution to the Compensation Fund, but made no decision to reopen its recent conclusions on this issue.

On the issue of arrangements for ensuring that payments are made to the Compensation Fund, the Council noted that provided there are no further extensions the mandate of the International Advisory and Monitoring Board is set to expire at the end of this year, with the Iraq Committee on Financial Experts assuming responsibility for the oversight of Iraqi oil revenues. In its conclusion, the Council requested that I highlight in my report the importance of the current arrangements for the transfer of 5 per cent of Iraq's oil proceeds to the Compensation Fund remaining in place following the transfer of the oversight function after the expiration of the mandate of the Board. The Council also requested that the secretariat continue to engage in consultations with the Committee on Financial Experts as well as the United Nations Controller on this issue and that the secretariat be requested to keep the Governing Council advised of any developments. Also under this agenda item, the Council noted that the shortfall of income to the Fund has increased to $211.6 million with the release of the audit results of the Development Fund for Iraq for the year ending 31 December 2008.

With respect to the Follow-up Programme for Environmental Awards established pursuant to decision 258 (2005) to monitor the financial and technical implementation of environmental projects being undertaken by Iran (Islamic Republic of), Jordan, Kuwait and Saudi Arabia with funds awarded under the F4 category of claims, the Council heard a briefing by the secretariat on the status of the Programme in respect of each of the participating Governments. The first biannual reports were submitted by the national focal points and independent reviewers from Jordan and Saudi Arabia, and the first and second biannual reports were submitted by the national focal points and independent reviewers from Kuwait. Recalling that decision 266 (2009) taken at its last session provided for interest to accrue on the special accounts to be established by the participating claimant Governments, but left the issue of the use of the interest to be addressed by the Council at its sixty-eighth session, the Council adopted decision 268 (S/AC.26/Dec.268 (2009)) concerning the use of interest under decision 266 (2009), which essentially provides for accrued interest to be used by participating Governments for the implementation of the environmental projects under decision 258. With regard to the Council's consideration of options for future arrangements for the Programme, the Council noted that the panel of experts had been convened pursuant to the Council's direction at the last session and a preliminary report on its work had been submitted. In its conclusion, the Council thanked the secretariat for its efforts to date on this issue, and requested that the secretariat convey to the panel of experts the Council's expectation of a final report in advance of its next session, and that all options should be considered and presented and that views of the participating Governments and various technical and political aspects of the Programme should be taken into account.

With respect to the audit of the activities of the Compensation Commission, the Council took note of the activities of the United Nations Board of Auditors

pertaining to the Commission and noted that the annual report of the Office of Internal Oversight Services to the General Assembly confirmed that the Commission has implemented all audit recommendations issued by the Office of Internal Oversight Services.

The Council adopted a report by the Committee on Administrative Matters regarding the interim expenditure report for the biennium 2008-2009 and the proposed budget for the biennium 2010-2011. As reflected in its report, the Committee approved the budget for the Commission for the next biennium.

The Council decided to hold its next regular session from 27 to 29 April 2010.

The overall amount of compensation made available to date by the United Nations Compensation Commission is approximately US$ 28.2 billion.

(*Signed*) Christian **Strohal**
President of the Governing Council